



March 20, 2009

ENGROSSED HOUSE BILL No. 1610

DIGEST OF HB 1610 (Updated March 18, 2009 11:20 am - DI 102)

Citations Affected: IC 5-10.2; IC 36-8.

Synopsis: Sheriff's pension and prior fund contributions. Allows an employee beneficiary of a sheriff's retirement plan (plan) to transfer certain amounts from a prior public retirement fund to purchase service credit. Provides that a transfer cannot exceed the amount necessary to fund the service purchase and that any amounts in the prior public retirement fund after the transfer shall remain subject to the prior public retirement fund's provisions. Requires an employee beneficiary to earn the years of credited service in the plan necessary to receive an unreduced pension benefit before the employee beneficiary may receive a benefit based on the service purchased by the amount transferred. Provides that, if an employee beneficiary withdraws the transferred amount from the plan, an adjustment of the pension benefit payable to an employee beneficiary is required to ensure that the plan remains actuarially cost neutral to the county. Allows an employee beneficiary who purchases permissive service credit in the plan to roll over a distribution from certain retirement accounts in order to fund the employee beneficiary's purchase. Allows the plan to accept, on behalf of an employee beneficiary who purchases permissive service credit in the plan, a trustee to trustee transfer from certain retirement accounts in order to fund the employee beneficiary's purchase.

Effective: July 1, 2009.

Soliday, Lawson L, Moseley

(SENATE SPONSORS — CHARBONNEAU, ARNOLD)

January 16, 2009, read first time and referred to Committee on Labor and Employment.
February 19, 2009, amended, reported — Do Pass.
February 23, 2009, read second time, ordered engrossed. Engrossed.
February 25, 2009, read third time, passed. Yeas 97, nays 0.

SENATE ACTION

March 3, 2009, read first time and referred to Committee on Pensions and Labor.
March 19, 2009, amended, reported favorably — Do Pass.

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EH 1610—LS 7430/DI 102+



March 20, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1610

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10.2-3-6.3 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2009]: **Sec. 6.3. (a) Notwithstanding any**
4 **other provision in this article, IC 5-10.3, or IC 5-10.4, a member**
5 **who:**
6 **(1) has not attained vested status in the fund;**
7 **(2) is not an active participant in the fund; and**
8 **(3) is an active participant in a retirement plan established**
9 **under IC 36-8-10-12;**
10 **may suspend membership in the fund and transfer the entire**
11 **amount in the member's annuity savings account in accordance**
12 **with the member's purchase of service credit under**
13 **IC 36-8-10-12.5.**
14 **(b) A member who makes a transfer under IC 36-8-10-12.5 from**
15 **the member's annuity savings account shall provide notice of the**
16 **transfer on a form provided by the board.**
17 **(c) A transfer under IC 36-8-10-12.5 is irrevocable.**

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(d) A member who makes a transfer under this section waives all credit for service in the fund.

SECTION 2. IC 36-8-10-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 12.5. (a) This section applies after June 30, 2009, to active employee beneficiaries in a retirement plan established under this chapter.**

(b) As used in this section, "public retirement fund" refers to any of the following, either singly or collectively:

- (1) The public employees' retirement fund (IC 5-10.3).
- (2) The Indiana state teachers' retirement fund (IC 5-10.4).
- (3) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund (IC 5-10-5.5).
- (4) The state police pension trust (IC 10-12).
- (5) The 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).
- (6) A retirement plan established under this chapter by a department other than the department that employs the employee beneficiary who desires to purchase service credit under this section.

(c) Subject to subsection (j), if an employee beneficiary:

- (1) has not attained vested status in; and
- (2) is not an active participant in;

a public retirement fund other than the retirement plan established under this chapter by the department that employs the employee beneficiary, the employee beneficiary may make a transfer described in subsection (d) for the amount in the public retirement fund that is attributable to contributions made by or on behalf of the employee beneficiary (plus credited earnings).

(d) An employee beneficiary described in subsection (c) may transfer the amount described in subsection (c) to a retirement plan established under this chapter by the department that employs the employee beneficiary in order to purchase service credit in the retirement plan for the employee beneficiary's prior service in a public retirement fund.

(e) A transfer under subsection (d) is irrevocable. A transfer cannot exceed the amount necessary to fund the service purchase under subsection (d). Any amounts in the public retirement fund after the transfer shall remain subject to the public retirement fund's provisions.

(f) If an employee beneficiary makes a transfer under subsection

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(d), the employee beneficiary is entitled to receive service credit for the transferred amount equal to the service credit that would be purchased by a contribution of the same amount computed at the actuarial present value for an individual whose salary or wages and age would be the same as the salary or wages and age of the employee beneficiary on the transfer date.

(g) Before a transfer is made under this section, the employee beneficiary must complete any forms required by:

(1) the public retirement fund from which the employee beneficiary is requesting a transfer; and

(2) the retirement plan established under this chapter to which the transfer is being made.

(h) An employee beneficiary who makes a transfer under subsection (d) must have at least the number of years of credited service necessary to receive an unreduced pension benefit in a retirement plan established under this chapter by the department that employs the employee beneficiary before the employee beneficiary may receive a benefit based on the amount transferred under this section.

(i) An employee beneficiary who:

(1) makes a transfer under subsection (d); and

(2) terminates employment before satisfying the eligibility requirements necessary to receive a monthly pension;

may withdraw the transferred amount, plus accumulated interest, from the retirement plan established under this chapter by the department that employs the employee beneficiary after submitting to the retirement plan established under this chapter a properly completed application for a refund. If a withdrawal of the transferred amount occurs under this subsection, the benefit payable to the employee beneficiary from the retirement plan established under this chapter shall be adjusted as necessary to ensure that the plan remains actuarially cost neutral to the county.

(j) The department may deny an application to transfer an amount under this section if the transfer would exceed the limitations under Section 415 of the Internal Revenue Code.

(k) If an employee beneficiary makes a transfer under subsection (d), the employee beneficiary waives all credit for the employee beneficiary's service in the public retirement fund from which the amount is transferred or paid.

(l) To the extent permitted by the Internal Revenue Code and applicable regulations, a retirement plan established under this chapter may accept, on behalf of an employee beneficiary who is

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1 purchasing permissive service credit under this section, a rollover
2 of a distribution from any of the following:

3 (1) A qualified plan described in Section 401(a) or Section
4 403(a) of the Internal Revenue Code.

5 (2) An annuity contract or account described in Section 403(b)
6 of the Internal Revenue Code.

7 (3) An eligible plan that is maintained by a state, a political
8 subdivision of a state, or an agency or instrumentality of a
9 state or political subdivision of a state under Section 457(b) of
10 the Internal Revenue Code.

11 (4) An individual retirement account or annuity described in
12 Section 408(a) or Section 408(b) of the Internal Revenue
13 Code.

14 (m) To the extent permitted by the Internal Revenue Code and
15 applicable regulations, a retirement plan established under this
16 chapter may accept, on behalf of an employee beneficiary who is
17 purchasing permissive service credit under this section, a trustee
18 to trustee transfer from any of the following:

19 (1) An annuity contract or account described in Section 403(b)
20 of the Internal Revenue Code.

21 (2) An eligible deferred compensation plan under Section
22 457(b) of the Internal Revenue Code.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1610, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 10, delete "or withdraw".
 Page 1, line 13, delete "or".
 Page 1, line 14, delete "withdraw".
 Page 1, line 15, delete "or withdrawal".
 Page 1, line 17, delete "or withdrawal".
 Page 2, delete lines 2 through 4.
 Page 2, line 5, delete "(e)" and insert "(d)".
 Page 2, line 5, delete "or withdrawal".
 Page 2, line 36, after "to" delete ":".
 Page 2, line 37, delete "(1)".
 Page 2, run in lines 36 through 37.
 Page 2, line 39, after "beneficiary" delete "; or" and insert ".".
 Page 2, delete lines 40 through 41.
 Page 3, line 2, delete "(d)(1)," and insert "(d),".
 Page 3, line 15, delete "(d)(1)" and insert "(d)".
 Page 3, line 15, delete "twenty (20)" and insert **"the number of"**.
 Page 3, line 16, after "service" insert **"necessary to receive an unreduced pension benefit"**.
 Page 3, line 21, delete "(d)(1);" and insert "(d);".
 Page 3, line 32, after "refund." insert **"If a withdrawal of the transferred amount occurs under this subsection, the benefit payable to the employee beneficiary from the retirement plan established under this chapter shall be adjusted as necessary to ensure that the plan remains actuarially cost neutral to the county."**

and when so amended that said bill do pass.

(Reference is to HB 1610 as introduced.)

NIEZGODSKI, Chair

Committee Vote: yeas 12, nays 0.

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1610, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 12, delete "election" and insert "**purchase of service credit**".

Page 1, line 13, delete "elects" and insert "**makes a transfer**".

Page 1, line 13, delete "to transfer the" and insert "**from**".

Page 1, line 14, delete "entire amount in".

Page 1, line 16, delete "made to comply with an election".

Page 2, line 27, delete "an election" and insert "**a transfer**".

Page 2, line 32, delete "elect to".

Page 2, line 34, after "beneficiary" delete "." and insert "**in order to purchase service credit in the retirement plan for the employee beneficiary's prior service in a public retirement fund.**".

Page 2, line 35, delete "An election" and insert "**A transfer**".

Page 2, line 35, after "irrevocable." insert "**A transfer cannot exceed the amount necessary to fund the service purchase under subsection (d). Any amounts in the public retirement fund after the transfer shall remain subject to the public retirement fund's provisions.**".

Page 2, line 36, delete "an election" and insert "**a transfer**".

Page 3, line 4, delete "or" and insert "**and**".

Page 3, line 7, delete "an election" and insert "**a transfer**".

Page 3, line 15, delete "an election" and insert "**a transfer**".

Page 3, line 16, delete "either:".

Page 3, line 17, delete "(A)".

Page 3, run in lines 16 through 17.

Page 3, line 18, delete "or".

Page 3, delete lines 19 through 21.

Page 3, line 34, delete "an election" and insert "**a transfer**".

Page 3, after line 37, begin a new paragraph and insert:

"(I) To the extent permitted by the Internal Revenue Code and applicable regulations, a retirement plan established under this chapter may accept, on behalf of an employee beneficiary who is purchasing permissive service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

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(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(m) To the extent permitted by the Internal Revenue Code and applicable regulations, a retirement plan established under this chapter may accept, on behalf of an employee beneficiary who is purchasing permissive service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code."

and when so amended that said bill do pass.

(Reference is to HB 1610 as printed February 20, 2009.)

KRUSE, Chairperson

Committee Vote: Yeas 9, Nays 0.

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